

## **NON-SWEET ALLEGATIONS AGAINST HERSHEY TRUST**

Nov 20, 2010

Milton S. Hershey, confectioner, philanthropist, and founder of The Hershey Chocolate Company.

A self-proclaimed watchdog group, Protect The Hersheys' Children, Inc., recently sent two letters to Congress and the Pennsylvania Attorney General's office alleging board compensation abuse and misuse of funds at the Milton Hershey School Trust (the "Trust") and the Milton Hershey School, both Section 501(c)(3) organizations. The alleged compensation abuses relate to the purported payment of excessive compensation to the Directors of the Hershey Trust Company, a wholly-owned for profit subsidiary of the Trust, reported to total \$1,118,146 for the part time work of ten directors. Among the allegations regarding the misuse of funds include the Trust's purchase of an insolvent luxury golf course.

The Trust is now forced to defend its decisions in the "court of public opinion." In addition, it is quite likely that the IRS and Pennsylvania Attorney General will initiate investigations. It is now up to the Trust to demonstrate there has been no wrong-doing. In our experience, a charity's ability to defend its decisions before the IRS and Attorney General will depend in part on its ability to provide adequate documentation regarding its decision making process. Keeping detailed minutes and records to support each decision is a cumbersome process, however, every board (regardless of size) should ensure such a process is in place. We will continue to follow the Hershey Trust allegations. In the meantime, we encourage boards to consider whether it could support its decisions, often times several months or years in the future, with adequate documentation.

## MEET THE TEAM



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